

## Loan Trust - Bare version (English Law)

### Assistance with completing the trust deed



This guide is designed to assist with the completion of a loan trust deed, bare version (English law). This guide covers both the limited and unlimited liability versions of this trust. This trust deed allows a settlor to create a new bare trust and make an interest free loan to that trust, repayable on demand. Once this trust is established, the trustees can apply for a Collective Investment Bond.

Please note, neither Quilter Life & Pensions or its staff are authorised to provide legal advice and cannot be held responsible for any actions taken or refrained from being taken as a result of the guidance given in this document.

### Tips for getting started

- ✓ Ensure you have the [latest version of the trust deed](#).
- ✓ An application for a Collective Investment Bond must be made using [the loan trust application form](#). Ensure you follow the instructions for dating the application, provided on page 1 of the form.

### When you've completed the deed

- ✓ Remember to include the tax declaration and confirmation of identity forms which are attached to the loan trust application form.
- ✓ The settlor's financial adviser can deliver the deed to Quilter electronically via [PROMPT](#).  
Else, post the deed to Quilter, Sunderland, SR43 4JP
- ✓ The trust will need to be registered within 90 days of the settlement date or risk a £5,000 fine. *The trustees must send Quilter the proof of registration document.* [Our step-by-step guide](#) will assist with the process

## Loan Trust (Bare Version)

(English Law)

### Notice:

This draft document is provided strictly as a draft for consideration by the Settlor's legal advisers. Quilter Life & Pensions Limited accepts no responsibility for any loss of whatsoever nature occasioned by the adoption unamended or otherwise of this draft trust document.

Any advice given on completion of the Loan Trust (Bare version) is accordingly given on the basis that, having discussed the trust terms with legal advisers, the draft trust put forward for consideration is adopted duly completed but otherwise unamended.

### 1 - Introduction

This Settlement is made the

day of  20  (the Declaration Date) between

► See note 1 regarding date.

### The Settlor

Name

Address

and Name

Address

► (The First Settlor) Insert the full name and address of the First Settlor.

► (The Second Settlor if any). Insert the full name and address of the Second Settlor.

(the Settlor) of the one part (and where there are two persons identified then 'Settlor' means both of them jointly and the survivor of them after the death of the first to die), and

### The Original Trustees

Name

Address

and Name

Address

and Name

Address

► See note 2. Insert the full name and address of the first Trustee. If the Settlor is to be a Trustee insert 'the Settlor'.

► Full name and address of the additional Trustee (if any).

► Full name and address of the additional Trustee (if any).

### Settlement Date

→ The settlor must date the deed on or after the day on which they raise a payment to Quilter in respect of the loan to the trust.

**Cheque** - Date the deed on or after the date on the cheque.

**Bank transfer** – Date the deed on or after the day which the instruction for payment is issued to the settlor's bank.

### Enter the name and address of each settlor

The settlor is the person setting up the trust..

*If there are two settlors, then any reference to 'the settlor' in this deed and guide means both of them.*

### Does it matter which settlor is listed first / second?

No, the order in which you write the settlors does not have any impact.

### Enter the name and address of each trustee

→ There is space for three trustees on this page, and a further space on the next page.

→ If the settlor is a trustee, you can write 'the settlor' in name box. You do not need to repeat their address.

### Does the settlor have to be a trustee?

No, though keep in mind that only the trustees are entitled to access details about the bond and will receive all correspondence.

### How many trustees should there be?

We recommend at least at least one trustee who is not also the settlor and a minimum of two trustees in total.

Enter the name and address of each trustee (continued)

→ There is space for one more trustees on this page

## The Original Trustees (continued)

and  
Name  
Address


Full name and address  
of the additional  
Trustee (if any).

(the Original Trustees) of the other part.

## 2 - Definitions

- (1) **'The Trustees'** means the Original Trustees or the Trustees of this Trust for the time being.
- (2) **'The Trust Fund'** means:
  - (i) the sum lent to the Trustees as a Loan specified in clause 3 below;
  - (ii) all money investments or other property paid or transferred by any person to the Trustees or placed under the control of the Trustees and (in either case) accepted by the Trustees as additions to the Trust Property under sub clause (3) below; and
  - (iii) all property from time to time representing the above.
- (3) **'Trust Property'** means any property comprised in the Trust Fund.
- (4) **'The Trust Period'** means the period of 125 years beginning on the Declaration Date, which is the applicable perpetuity period under the rule against perpetuities.
- (5) **'The Beneficiaries'** means the persons named in the First Schedule below.
- (6) **'Protector'** means the person (if any) shown in the Second Schedule below, or such other person as is the Protector for the time being.
- (7) **'Civil Partner'** has the meaning given to it in the Civil Partnership Act 2004 of the United Kingdom (or any replacement legislation).
- (8) Unless the context otherwise requires, a reference to any gender includes a reference to the other genders and the singular includes the plural and vice versa.
- (9) If the Settlor comprises one person at the Declaration Date, this is a **'Single Settlor Trust'**. If the Settlor comprises two persons at the Declaration Date, this is a **'Dual Settlor Trust'**.

## 3 - The Loan

- (1) The Settlor agrees with the Original Trustees to lend them £\_\_\_\_\_ to hold on the trusts of this Settlement (hereinafter referred to as 'the Loan'). The Original Trustees requested that the Loan be made by payment of a cheque, or payment by electronic transfer (where appropriate), to Quilter Life & Pensions Limited or the Trustees of the Trust named in clause 4B below.
- (2) Where this is a Dual Settlor Trust the Loan shall be deemed to have been provided in equal shares and made as joint tenants.
- (3) The terms of the Loan are as follows:
  1. The Loan shall be free of interest.
  2. The Loan or any part of the Loan shall be repayable on written demand by the Settlor to the Trustees.
- (4) The Original Trustees acknowledge receipt of the cheque, or bank instruction letter for an electronic transfer, in respect of the Loan and agree to the terms of the Loan by signing the Trust Deed.
- (5)
  1. The Trustees and any former trustees of this Trust are (without limiting their rights) entitled to discharge their obligations under or in connection with the Loan using Trust Property.
  2. Following his retirement, removal or replacement as a trustee of this Trust, no person is bound to release, assign or transfer Trust Property to the Trustees or any person unless any obligations of his under or in connection with the Loan are first discharged or extinguished or adequate security is given to him to secure their discharge.

Insert the amount  
of the Loan to be made  
by the Settlor to the  
Trustees.

## The Original Trustees (continued)

and  
Name

Address

Full name and address  
of the additional  
Trustee (if any).

(the Original Trustees) of the other part.

## 2 - Definitions

- (1) **'The Trustees'** means the Original Trustees or the Trustees of this Trust for the time being.
- (2) **'The Trust Fund'** means:
  - (i) the sum lent to the Trustees as a Loan specified in clause 3 below;
  - (ii) all money investments or other property paid or transferred by any person to the Trustees or placed under the control of the Trustees and (in either case) accepted by the Trustees as additions to the Trust Property under sub clause (3) below; and
  - (iii) all property from time to time representing the above.
- (3) **'Trust Property'** means any property comprised in the Trust Fund.
- (4) **'The Trust Period'** means the period of 125 years beginning on the Declaration Date, which is the applicable perpetuity period under the rule against perpetuities.
- (5) **'The Beneficiaries'** means the persons named in the First Schedule below.
- (6) **'Protector'** means the person (if any) shown in the Second Schedule below, or such other person as is the Protector for the time being.
- (7) **'Civil Partner'** has the meaning given to it in the Civil Partnership Act 2004 of the United Kingdom (or any replacement legislation).
- (8) Unless the context otherwise requires, a reference to any gender includes a reference to the other genders and the singular includes the plural and vice versa.
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- (2) Where this is a Dual Settlor Trust the Loan shall be deemed to have been provided in equal shares and made as joint tenants.
- (3) The terms of the Loan are as follows:
  1. The Loan shall be free of interest.
  2. The Loan or any part of the Loan shall be repayable on written demand by the Settlor to the Trustees.
- (4) The Original Trustees acknowledge receipt of the cheque, or bank instruction letter for an electronic transfer, in respect of the Loan and agree to the terms of the Loan by signing the Trust Deed.
- (5)
  1. The Trustees and any former trustees of this Trust are (without limiting their rights) entitled to discharge their obligations under or in connection with the Loan using Trust Property.
  2. Following his retirement, removal or replacement as a trustee of this Trust, no person is bound to release, assign or transfer Trust Property to the Trustees or any person unless any obligations of his under or in connection with the Loan are first discharged or extinguished or adequate security is given to him to secure their discharge.

Insert the amount  
of the Loan to be made  
by the Settlor to the  
Trustees.

## Enter the amount of the settlor's loan

This is the amount which the settlor is lending to the trust and repayable on demand.

**Important** - if there will be an initial advice fee facilitated by Quilter you must refer to part 5 of the Collective Investment Bond application form when completing this box.

An initial fee may impact the value of the loan and amount repayable, depending on the reason for the fee. The application form provides two options.

**Option A** - An advice fee has been agreed by the settlor of the trust in relation to the advice given prior to making the loan to the trustees.

*Example: John has received IHT planning advice which has led to his adviser recommending a Quilter loan trust. John will use £100,000 to fund the trust and has agreed a fee for the IHT planning advice of £1,000, which he would like Quilter to facilitate.*

*John writes a cheque to Quilter for £100,000 and completes the loan trust deed specifying a £99,000 loan. The amount repayable to John on demand is £99,000. £1,000 is paid by Quilter to his adviser. John must sign part 5 of the Collective Investment Bond application form to authorise the fee.*

**Option B** - An advice fee has been agreed between the trustees in relation to the advice given to the trust.

*Example: Anna has chosen to create a loan trust by lending her chosen trustees £100,000 who will invest the sum via a Collective Investment Bond. Her appointed trustees have been advised over how best to investment money, they have agreed an initial advice fee of £1,000 which they would like Quilter to facilitate.*

*Anna writes a cheque to Quilter for £100,000 and completes the loan trust deed specifying a loan of £100,000. The amount repayable to Anna is £100,000. £1,000 is paid by Quilter to the trustee's adviser. The trustees invest the remaining £99,000*

### 3 – The Loan *(continued)*

3. In this clause 3:
- (i) 'obligations' includes (without limitation) existing, contingent and future obligations; and
  - (ii) an obligation is (without limitation) in connection with the Loan if it is in connection with:
    - The Loan; or
    - a loan, agreement or obligation entered into by trustees of this Trust to secure the discharge or extinguishment of the obligations of a person who ceases, or has ceased, to be a trustee of this Trust, such obligations arising under or in connection with (a) the Loan or (b) any successor loan, agreement or obligation entered into by any trustee or former trustee of this Trust that ultimately replaces liability of the Original Trustees under the Loan or secures the discharge or extinguishment of the liability of another trustee or former trustee of this Trust under the Loan or such a successor loan, agreement or obligation.

### 4 – The Trust

Now this Deed witnesses as follows:

- A. The Settlor has made a Loan as set out in clause 3 above to the Original Trustees. The Trustees shall hold the Trust Fund on the following terms.
- B. This Trust shall be known as

▶ Give the name of the trust eg The A N Other family trust.

### 5 – Power to receive additional property

The Trustees may, during the Trust Period, accept additional money, investments or other property, of whatever nature and wherever situate, paid or transferred to them by any person. Such additional money, investments or other property shall, subject to any contrary direction, be held upon the trusts and with and subject to the powers and provisions of this Deed.

### 6 – Trust income and capital

The Trust Fund shall be held on trust for the Beneficiaries in the shares shown in the First Schedule absolutely.

### 7 – Successor Protectors and tacit consent

- (1) There shall be no duty to appoint a Protector, whether or not the Settlor has appointed a Protector by this Deed.
- (2) The Protector shall cease to be the Protector:
  - (i) if an individual, on death; or
  - (ii) if a corporation, on dissolution; or
  - (iii) in either case, on:
    - becoming unable or unfit to act; or
    - making a valid appointment under (3) below.
- (3) If the Protector wishes to retire he may appoint in writing another person to be Protector of this Trust and
  - (i) when the Trustees have been given written notice of the appointment; and
  - (ii) the person appointed has consented in writing then:
 such person shall immediately become the Protector in place of the retiring Protector and any nomination under (4) below shall be revoked.
- (4) The Protector may in writing nominate a person to succeed him should he cease to be the Protector and, upon such cessation,
  - (i) if the nomination remains unrevoked;
  - (ii) the Trustees have been given written notice of the nomination; and
  - (iii) the person nominated consents in writing, then:
 such person shall immediately become the Protector.
- (5) Where there is a Protector but he fails to respond to a written request from the Trustees within 30 days (or such longer period as may be specified under a notice given to the Trustees under sub-clause 8 (3) below), then the Trustees may take silence to indicate written consent by the Protector and act accordingly.
- (6) If, despite the provisions of this clause, there ceases to be at any time a Protector of this Trust, then the Settlor, or if there is no Settlor in existence and capable of making an appointment, the Trustees may in writing appoint any person (other than a Trustee) to be the Protector.

### Enter the trust's name

You can give the trust any name you like but keep in mind that this name will be used by Quilter as the addressee for all correspondence – so it should be a name which you don't mind the postal service seeing.

## 8 – Powers and duties of the Protector

- (1) The powers and duties of the Protector are fiduciary in nature.
- (2) The Protector is under no duty to inquire into or interfere with the management or conduct of this Trust, unless he has actual knowledge of circumstances which call for inquiry.
- (3) The Protector shall consider the appropriateness of any act before giving his consent to it and shall, if need be, inform the Trustees that the 30-day period mentioned in sub-clause 7(5) is insufficient in the circumstances and inform them of such specified longer period as he may reasonably require.

## 9 – Appointment of Trustees

- (1) A person may be appointed Trustee of this Trust even though he has no connection with the British Isles.
- (2) The power of appointing new trustees is exercisable by the following:
  - (i) the Protector (if any); or
  - (ii) if there is no Protector, or if there is no Protector able and willing to act, the Settlor;
  - (iii) in the absence of a Settlor and a Protector able and willing to act, the Trustees.
- (3) For the purposes of (2)(i) above, the Protector shall be deemed to be unable or unwilling to act if he fails to respond to a written request from the Trustees within the period of time stated in sub-clauses 7(5) and 8(3) above.

## 10 – Retirement and removal of Trustees

- (1) Any Trustee may retire at any time provided 30 days' written notice is given to the person who currently has the power to appoint new Trustees.
- (2) The Protector may dismiss a Trustee by giving 30 days' notice in writing to such Trustee. Any person removed as Trustee shall (subject to any lien that he may have) take such steps as may be required for the vesting without delay in the continuing or new Trustees of all Trust Property in his name or under his control.
- (3) Neither the retirement nor dismissal described in this paragraph shall take effect unless and until there remain at least two Trustees or a Trustee which is a company carrying on a business which consists of or includes the management of trusts.

## 11 – Irrevocability

This Trust is irrevocable.

## 12 – Further provisions

The provisions set out in the Third Schedule below shall have effect.

## 13 – Law of the Trust

The governing law of this Trust (including the Loan), and of its validity, construction, effects and administration, shall be that of England and Wales. All rights or obligations under this Deed shall be subject to the jurisdiction of the English courts.

## The First Schedule: The Beneficiaries

Full name	<input type="text"/>	<input type="text"/>
Address	<input type="text"/>	
Date of birth	<input type="text"/>	(dd/mm/yyyy)
Full name	<input type="text"/>	<input type="text"/>
Address	<input type="text"/>	
Date of birth	<input type="text"/>	(dd/mm/yyyy)

See note 3.

See notes 4 and 5. Enter the details of the Beneficiaries.

If there is insufficient space to list all Beneficiaries, provide details of the others on a copy of the first schedule and attach it to this document.

## Enter the details of each beneficiary

Provide full name, address and date of birth for each beneficiary. You must also specify their share of the trust fund as a %.

- ➔ Stated share for each beneficiary must add up to 100%
- ➔ Neither the beneficiaries or their share of the trust fund can be changed after the trust deed is dated.
- ➔ There is space for six beneficiaries in this deed spread over pages 5 and 6.
- ➔ If you can insert additional copies of pages 5 & 6 if you need additional space.

## The First Schedule: The Beneficiaries (continued)

Full name	<input type="text"/>	<input type="text"/>	%
Address	<input type="text"/>		
Date of birth	<input type="text"/>	<input type="text"/>	(dd/mm/yyyy)
Full name	<input type="text"/>	<input type="text"/>	%
Address	<input type="text"/>		
Date of birth	<input type="text"/>	<input type="text"/>	(dd/mm/yyyy)
Full name	<input type="text"/>	<input type="text"/>	%
Address	<input type="text"/>		
Date of birth	<input type="text"/>	<input type="text"/>	(dd/mm/yyyy)
Full name	<input type="text"/>	<input type="text"/>	%
Address	<input type="text"/>		
Date of birth	<input type="text"/>	<input type="text"/>	(dd/mm/yyyy)
			Total 100%

Enter the details of each beneficiary (continued)

## The Second Schedule: The Protector

Protector's full name	<input type="text"/>
Address	<input type="text"/>

See note 6. Insert the full name and address of the Protector (if any).

## Enter the name and address of the protector (if any)

The protector is an optional role which can provide additional oversight of the action of the trustees. For example:

- ➔ The protector has the power to dismiss a trustee with 30 days' notice.
- ➔ The trustees must obtain the consent of the protector to exercise certain powers, such as power of appointment in section 6.

## Who can be the protector?

Any person aged 18+, including anyone who is already a settlor or trustee. However, we recommend using a person who is not otherwise party to the trust to ensure independence.

## The Third Schedule: Administrative provisions

### 1. Additional powers

The Trustees have the following additional powers during the minority of the Beneficiary or if there is more than one during the minority of any of the Beneficiaries. However, no person, or company with whom the Trustees deal (including, without limitation, in the investment or deposit of Trust Property) shall in the absence of that person's or company's fraud be held accountable for, and no such person or company is under any obligation to investigate, the exercise of any of their powers by the Trustees, or how they apply any part of the Trust Fund:

#### (1) Investment

- (a) The Trustees may make any kind of investment that they could make if they were absolutely entitled to the Trust Fund. In particular the Trustees may invest in land in any part of the world and in unsecured loans.
- (b) The Trustees are under no obligation to diversify the Trust Fund.
- (c) The Trustees may invest in speculative or hazardous investments but this power may only be exercised at the time when there are at least two Trustees, or the Trustee is a company carrying on a business which consists of or includes the management of trusts.

#### (2) Joint property

The Trustees may acquire property jointly with any person and may blend Trust Property with other property.



## The Settlor's signatures and witnesses

**Signed as a Deed and delivered by**  First Settlor

In the presence of:

Witness signature

Witness full name

Witness address

**Signed as a Deed and delivered by**  Second Settlor (if any)

In the presence of:

Witness signature

Witness full name

Witness address

## The Original Trustees' signatures and witnesses

**Signed as a Deed and delivered by**  Trustee

Date of birth  (dd/mm/yyyy)

In the presence of:

Witness signature

Witness full name

Witness address

**Signed as a Deed and delivered by**  Trustee

Date of birth  (dd/mm/yyyy)

In the presence of:

Witness signature

Witness full name

Witness address

▶ All signatures must be made in blue or black ink. Digital signatures are not permitted.  
▶ The First Settlor's signature.

▶ Each Settlor, Trustee and Protector signature must be witnessed. A witness must be age 18 or over and cannot be a Settlor, Beneficiary, Trustee or Protector.  
One person may act as witness for all signatures.  
For each witness signature, provide full name and address.

▶ The Second Settlor's Signature (if any).

▶ Trustee signature and date of birth.

▶ See note 2: Where the Settlor is also a Trustee they must sign this deed twice. Once in each capacity.

▶ Additional Trustee signature and date of birth (where applicable).

## Signatures and witnesses - General guidance

The deed must be signed by the settlor, protector (if any) and all trustees. Each signature requires an independent witness.

- ➔ All signatures must be made in ink. Digital signatures are not permitted.
- ➔ Where the settlor is also a trustee they must sign the deed twice. If they're also the protector, then they must sign in this capacity as well.
- ➔ An independent witness is any adult who is not otherwise a settlor, protector, trustee or potential beneficiary of the trust.
- ➔ The same witness may be used for multiple signatures.



## The Settlor's signatures and witnesses

Signed as a Deed and delivered by \_\_\_\_\_ First Settlor

In the presence of:

Witness signature \_\_\_\_\_

Witness full name \_\_\_\_\_

Witness address \_\_\_\_\_

Signed as a Deed and delivered by \_\_\_\_\_ Second Settlor (if any)

In the presence of:

Witness signature \_\_\_\_\_

Witness full name \_\_\_\_\_

Witness address \_\_\_\_\_

## The Original Trustees' signatures and witnesses

Signed as a Deed and delivered by \_\_\_\_\_ Trustee

Date of birth \_\_\_\_\_ (dd/mm/yyyy)

In the presence of:

Witness signature \_\_\_\_\_

Witness full name \_\_\_\_\_

Witness address \_\_\_\_\_

Signed as a Deed and delivered by \_\_\_\_\_ Trustee

Date of birth \_\_\_\_\_ (dd/mm/yyyy)

In the presence of:

Witness signature \_\_\_\_\_

Witness full name \_\_\_\_\_

Witness address \_\_\_\_\_

▶ All signatures must be made in blue or black ink. Digital signatures are not permitted.  
▶ The First Settlor's signature

▶ Each Settlor, trustee and Protector signature must be witnessed. A witness must be age 18 or over and cannot be a Settlor, beneficiary, Trustee or Protector.

▶ One person may act as witness for all signatures. For each witness signature, provide full name and address.

▶ The Second Settlor's signature (if any).

▶ Trustee signature and date of birth.

▶ See note 2 - Witnessing. Settlor is also a Trustee they must sign this deed twice. Once in each capacity.

▶ Additional Trustee signature and date of birth (where applicable).

Settlor signs

Settlor's witness signs

Settlor's witness name

Settlor's witness address

Second Settlor signs

Second Settlor's witness signs

Second Settlor's witness name

Second Settlor's witness address

Trustee signs

Trustee date of birth

Trustee's witness signs

Trustee's witness name

Trustee's witness address

Trustee signs

Trustee date of birth

Trustee's witness signs

Trustee's witness name

Trustee's witness address

**The Original Trustees' signatures and witnesses (continued)**

**Signed as a Deed and delivered by**  Trustee  
 Date of birth  (dd/mm/yyyy)

In the presence of:  
 Witness signature   
 Witness full name   
 Witness address

**Signed as a Deed and delivered by**  Trustee  
 Date of birth  (dd/mm/yyyy)

In the presence of:  
 Witness signature   
 Witness full name   
 Witness address


The common seal of the Original Trustees has been affixed on this date:  (dd/mm/yyyy)

In the presence of:  
 Director/Secretary/Authorised Signatory   
 Name of person signing   
 Place of sealing and signing   
 and the Protector signifies consent to act as Protector of this Settlement (if applicable)

**The Protector's signature and witness**

**Signature of Protector**  Protector  
 Date of birth  (dd/mm/yyyy)

In the presence of:  
 Witness signature   
 Witness full name   
 Witness address



Trustee signs
Trustee date of birth
Trustee's witness signs
Trustee's witness name
Trustee's witness address

Trustee signs
Trustee date of birth
Trustee's witness signs
Trustee's witness name
Trustee's witness address

**Corporate trustee's seal**

A corporate trustee may sign the deed by placing the company's seal here. You must include:

- Date on which the seal was applied
- Signature of a director / secretary or other authorised signatory
- Address where the seal was applied (usually the company's address)

If the corporate trustee does not use a seal, the signatory(ies) may sign in the trustee signature boxes above.

Protector signs
Protector's date of birth
Protector's witness signs
Protector's witness name
Protector's witness address